

Economic Recovery Reserve Fund

The economic recovery reserve fund was established by HB 264 during the 2003 legislative session. This bill temporarily raised the cigarette tax from 28 to 57 center/pack for the period of June 1, 2003 through June 30, 2005. During the 2005 legislative session, the tax was made permanent, with the first year of receipts (FY 2006) dedicated to the Economic Recovery Reserve Fund. Effective July 1, 2006 the cigarette tax was redirected to the Permanent Building Fund to be used for the restoration of the State Capitol Building. Once the Capitol restoration is complete, the receipts will revert back to the Economic Recovery Reserve Fund.

The table below compares the Governor's recommended uses of the Economic Recovery Reserve Fund to the legislative action for both FY 2007 and FY 2008.

	<u>Executive Budget</u>	<u>Legislature's Approp.</u>	<u>Difference</u>
FY 2007:			
Revenues:			
Beginning balance	\$26,067,800	\$36,191,900	\$10,124,100
Transfer from the General Fund	<u>0</u>	<u>23,864,200</u>	<u>23,864,200</u>
Total Revenues	\$26,067,800	\$60,056,100	\$33,988,300
Expenditures:			
Replacement capital outlay	\$14,749,900	\$14,293,200	(\$456,700)
Dept Health and Welfare medicaid management information system	1,455,100	0	(1,455,100)
Nondiscretionary and line item decision units	9,861,900	9,822,900	(39,000)
Economic development package	<u>0</u>	<u>35,364,200</u>	<u>35,364,200</u>
Total Expenditures	\$26,066,900	\$59,480,300	\$33,413,400
Projected Ending Balance	\$900	\$575,800	\$574,900
FY 2008:			
Revenues:			
Beginning balance	\$0	\$575,800	\$575,800
Transfer from the General Fund (for economic development)	<u>0</u>	<u>60,000,000</u>	<u>60,000,000</u>
Total Receipts and Transfers	\$0	\$60,575,800	\$60,575,800
Expenditures:			
Dept. of Commerce-Economic stability contingency	<u>\$0</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
Total Expenditures	\$0	\$15,000,000	\$15,000,000
Projected Ending Balance	\$0	\$45,575,800	\$45,575,800